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Egypt

Grain and Feed

Rice Update

2001

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Report Highlights:

Egyptian rice exports almost double this marketing year as the government introduces a new export subsidy program in an attempt to push rice exports.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
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Area Planted and Production

Rice is a major summer crop in Egypt, occupying 10 percent of Egypt's total crop area. All of the rice crop is irrigated. Rice requires a special irrigation regime and its cultivation is largely restricted to the northern part of the Delta. It is often planted in reclaimed land where the soil is fairly saline with various stages of productivity. A limited amount of rice is also grown in the middle Delta and in Upper Egypt. With irrigation water provided free of charge and a much higher profitability of rice cultivation compared to other traditional summer crops (i.e. corn and cotton), farmers normally exceed the area targeted by the government for rice cultivation, despite the prospect of fines of LE 600/feddans for those who violate their targeted areas. The government rarely imposes this fine on farmers. However, following a sharp decrease in prices (i.e. from LE 700 per MT in MY 1999/2000 to as low as LE 340 per MT in MY 2000/2001, the total area for rice is estimated at 1.4 million feddans this season (588,000 HA), or about 12.5 percent lower than MY 2000/2001. As a result, total production is expected to decrease by 735,000 in the 2000/2001 marketing year. This is still about 288,000 HA above the government's annual target of 300,000 HA. The medium grain "Japonica" variety comprises approximately 85 percent of the rice crop and is preferred by Egyptian consumers to the higher-yielding, long grain "Phillipini" variety. The government's policy is aimed at producing new varieties with higher yields, a shorter period of maturity and more resistance to insects and diseases in order to save about 3 billion cubic meters of irrigation water annually for its ambitious land reclamation projects in the South of the Nile valley (Toushka).. The Rice Institute of the Ministry of Agriculture has developed several new rice varieties with an average yield of about 14 MT/HA, or about 40 percent higher than the average yield of the traditional varieties. The Ministry of Agriculture estimates that the new varieties are being used in about 90% of the total rice area during 2001/2002 season. The government's objective is to have the entire rice area planted with high yielding, short period of maturity varieties by the end 2002.

Trade

Egypt is a net rice exporter. Small quantities of high quality name-brand rice are imported by up-scale supermarkets. It imports very small quantity of high quality name-brand packaged rice to sell in up-scale supermarkets. Rice exports are estimated at 560,000 during the 2000/2001 season. However, in July 2001 the government implemented a new subsidy program for rice in an attempt to encourage exports. The government is paying an export subsidy of LE 100 per MT for medium round grain varieties and LE 200/MT for long grain varieties. The new export subsidy program along with the recent devaluation of the Egyptian Pound against the Dollar (now, LE 4.15 - 4.25/\$) will likely make Egyptian rice exports more competitiveness. Hence, rice exports are expected to increase to 650,000 MT during the 2001/2002 season. It is unclear whether the government will renew the rice export subsidy program next year. The current guaranteed price for paddy rice is LE 500 /MT (\$ 118/MT) for medium and LE 450/MT (\$106/MT) for long grain. This compares to L.E 340 /MT (\$101/MT) for medium grain and LE 300/MT for long grain (\$89/MT) during the 2000/2001 season. The current average export price for medium and long grain is \$ 230 and \$180/MT/FOB, respectively. This compares to \$265 and \$ 220/MT/FOB for medium and long grain, respectively, during the MY 2000/2001 season.

Stocks

Stocks are expected to go down this marketing year given the anticipated decrease in production and the fast pace of exports due to the government's new export incentive program. It is estimated that the current stocks stand at 1.2 million metric tons.

PSD Table

PSD Table						
Country:	Egypt					
Commodity:	Rice, Milled					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	600	672	600	588	0	600
Beginning Stocks	452	899	1499	1339	0	1211
Milled Production	3500	3900	3270	3422	0	3655
Rough Production	5147	6000	4800	5265	0	5372
Milling Rate(.9999)	6800	6500	6800	6500	0	6800
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	3952	4799	4769	4761	0	4866
TOTAL Exports	450	560	500	650	0	680
Jan-Dec Exports	450	560	500	650	0	680
TOTAL Dom. Consumption	2003	2900	2800	2900	0	3000
Ending Stocks	1499	1339	1469	1211	0	1186

Export Trade Matrix

Export Trade Matrix			
Country:		Units:	000MT
Commodity:			
Time period:			
Exports for	2000		2001
U.S.		U.S.	
Others		Others	
Syria	73,590	Syria	130,850
Turkey	64,808	Turkey	105,447
Libya	48,007	Libya	71,076
Romania	37,331	Romania	65,973
Sudan	36,503	Sudan	22,961
Jordan/Iraq	14,495	Jordan	22,413
Lebanon	9,743	Ukraine	18,839
Saudi-Arabia	6,182	Tanzania	18,363
Ukraine	3,478	Senegal	15,095
Germany/England	1,189	Lebanon	13,558
Total for Others	295326		484575
Others not listed	36,995		165,425
Grand Total	332321		650000